

Exhibit 607 [replacing Dkt. #2371-63] attached to Plaintiffs' Consolidated Memorandum in Opposition to Defendants' Motions for Summary Judgment on Plaintiffs' Civil Conspiracy, RICO and OCPA Claims at Dkt. #2182.

- Redactions withdrawn by Defendant

PSJ3

Exhibit 607

From: McDonald, Tom [/O=MCKESSON/OU=NORTH AMERICA/CN=RECIPIENTS/CN=TOM MCDONALD]
Sent: 8/12/2010 2:41:48 PM
To: Walker, Donald [donald.walker@mckesson.com]
Subject: RE: CSMP and CVS - Action plans

Don,
Per your request. call with questions.

Regards,

Tom McDonald
Director of Regulatory Affairs
Western Region
McKesson Pharmaceuticals
9501 Norwalk Blvd.
Santa Fe Springs, CA 90670
office 562-463-2250
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fax 562-463-2251

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From: Walker, Donald
Sent: Thursday, August 12, 2010 6:32 AM
To: McDonald, Tom
Subject: FW: CSMP and CVS - Action plans

I think we have calmed the storm we just need that summary report this morning and then monitor very closely this month

From: Fragie, Jack
Sent: Wednesday, August 11, 2010 4:03 PM
To: Whalen, Brian E.
Cc: Walker, Donald
Subject: RE: CSMP and CVS - Action plans

Brian-I will have a report to share with you in the morning, however, here's what I have been told those far;

The threshold increases for the stores in question were put into effect early last week and no product omits have occurred since August 2nd

In the past, Dan Jefferies' team notified CVS/Caremark once stores hit 80% of their threshold. That has now changes to 60% so that high volume purchasers of CII's can have their thresholds increased accordingly.

The vast majority of omit issues occurred in three stores...CVS Phcy 5315B, 7262B and 5477B. As a result the orders for these stores are being monitored daily.

More to come tomorrow AM

Jack

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From: Whalen, Brian E. [mailto:BEWhalen@cvs.com]
Sent: Wednesday, August 11, 2010 8:44 AM
To: Fragie, Jack
Subject: Fw: CSMP and CVS - Action plans

Jack,

FYI - See below. Cardinal is calling us to verify what their other customers are telling them - that CVS cannot fill oxycodone perscriptions because we can't get product. I know you said the thresholds were increased but I can't keep losing customers.

Thanks,
Brian

From: Stump, J. Bradley
To: McKenna, Ned
Cc: Whalen, Brian E.
Sent: Wed Aug 11 10:47:05 2010
Subject: RE: CSMP and CVS - Action plans
Ned-

I received a voicemail this morning from Cardinal stating that several of their customers in the Las Vegas and AZ markets have been complaining about hitting CII thresholds and concerns of increased DEA scrutiny due to an influx of CII scripts from CVS customers.

Several of Cardinal's customers have stated that CVS customers are coming in to have Oxycodone scripts filled due to CVS' inability to fill them. Needless to say, this type of feedback speaks directly to our earlier concerns that CVS would suffer due to McKesson's CSMP program. Our stores and customers have been (and risk being in the future) significantly impacted by the thresholds set forth by McKesson.

We need to have the CSMP program shut off for all transition stores until an accurate threshold can be established. We absolutely cannot risk that this pattern of activity continues.

Thanks,
Brad

From: McKenna, Ned [mailto:Ned.McKenna@McKesson.com]
Sent: Friday, August 06, 2010 3:25 PM
To: Whalen, Brian E.
Cc: McDonald, Tom; Schmidt, Stephen; Oriente, Michael; Thomet, Elaine; Stump, J. Bradley; Fragie, Jack; Walker, Donald; Jefferies, Dan
Subject: RE: CSMP and CVS - Action plans

Brian,

FYI, prior to the transition and in an effort to be pro - active as we set the CSMP thresholds for these 164 stores, we asked CVS for three months of sales data. We were told we could not have the data.

More recently, we again asked for the most recent three months of sales from CVS. Once again we were told we could not have the data. Our thinking with both requests was that, if we had CVS' actual data, we could collaborate with CVS

and set very accurate and functional CSMP thresholds. Unfortunately we still do not have any CVS sales data except for the McKesson actual sales from July after the transition was up and running.

Would it be possible for you to authorize someone at CVS to release three months of actual sales data to McKesson? I believe this would be an excellent next step in achieving our common goal of keeping all of these 164 CVS stores supplied with these items.

Thanks,

Ned

From: Whalen, Brian E. [mailto:BEWhalen@cvs.com]

Sent: Friday, August 06, 2010 2:50 PM

To: McKenna, Ned

Cc: McDonald, Tom; Schmidt, Stephen; Oriente, Michael; Thomet, Elaine; Stump, J. Bradley; Fragie, Jack; Walker, Donald; Jefferies, Dan

Subject: RE: CSMP and CVS - Action plans

Ned,

Since we transitioned these 164 stores, 26 of them have encountered issues with McKesson's CSMP program – over 15% of the transitioned stores. Most of these stores have reported being shorted multiple items, not just one or two. This is not an isolated incident and it is having a real affect on our ability to serve our patients. Keep in mind, CVS does not warehouse many of these products and rely solely on our wholesale partners to supply these items, meaning they do not have any other options to secure product to service these patients.

Additionally, keep in mind we asked the stores being transitioned to increase there orders from the other wholesaler before being transitioned to ensure if there were any issues they wouldn't affect patient service. McKesson's solution appears to be reactive to the store being shorted the product and ultimately impacting patient service. I don't understand why we can't put a process in place that treats these 164 stores in a manner that is proactive rather than reactive and won't cause service issues at the stores. I don't think it is unreasonable to remove these stores from the program for 90 – 120 days post transition in order to build accurate thresholds.

Please advise.

Thanks,
Brian

From: McKenna, Ned [mailto:Ned.McKenna@McKesson.com]

Sent: Friday, August 06, 2010 12:43 PM

To: Whalen, Brian E.

Cc: McDonald, Tom; Schmidt, Stephen; Oriente, Michael; Thomet, Elaine; Stump, J. Bradley; Fragie, Jack; Walker, Donald; Jefferies, Dan

Subject: RE: CSMP and CVS - Action plans

Brian,

We continue to feel very confident that the solution we communicated below will be successful. This has gone to Senior Management and under no circumstances will we be taking these stores off of the CSMP program.

Ned

From: Whalen, Brian E. [mailto:BEWhalen@cvs.com]

Sent: Thursday, August 05, 2010 5:38 PM

To: Stump, J. Bradley; McKenna, Ned
Cc: McDonald, Tom; Schmidt, Stephen; Oriente, Michael; Thomet, Elaine
Subject: RE: CSMP and CVS - Action plans

All,

Needless to say, I agree with Brad. I was assured that moving these stores to McKesson would not cause service issues to CVS or our patients. Please let me know why the limits cannot be removed. If necessary, I will reactivate these stores accounts with the wholesaler until such time as I can be assured that our patients will not be negatively affected by CVS giving McKesson additional business.

Thanks,
Brian

From: Stump, J. Bradley
Sent: Thursday, August 05, 2010 5:15 PM
To: McKenna, Ned
Cc: McDonald, Tom; Schmidt, Stephen; Oriente, Michael; Thomet, Elaine; Whalen, Brian E.
Subject: RE: CSMP and CVS - Action plans

Ned-

I appreciate the response; however, McKesson needs to remove all 164 stores from the CSMP program until we have built up adequate history to set accurate thresholds for the stores. McKesson picked up a significant amount of volume through the store realignment and I cannot have those same stores now experience service issues while kinks in the thresholds are worked out.

Please let me know when I can expect to see this completed.

Thanks,
Brad

From: McKenna, Ned [mailto:Ned.McKenna@McKesson.com]
Sent: Thursday, August 05, 2010 4:56 PM
To: Stump, J. Bradley
Cc: McDonald, Tom; Schmidt, Stephen; Oriente, Michael; Thomet, Elaine
Subject: CSMP and CVS - Action plans

Brad,

We just finished our internal call on CSMP. Below is the immediate action plan in follow up to the many calls and e-mails this week on the topic of CSMP.

- For all 164 new locations, McKesson will increase the original basecode thresholds by 50% for the 5 "Lifestyle drugs" (Amphetamine, Oxycodone, Hydrocodone, Phentermine, and Alprazolam) even though only Oxycodone and Amphetamine had majority of issues last month. This change will be made in real time and will be effective by 1pm pacific Friday, August 6.
- All previously increased thresholds will remain in effect.
- McKesson will continue daily review of any location that goes over 80% of any threshold settings. This prompts an immediate increase, up until 20K doses, which then requires review with Joe Bogacz at CVS LP.
- McKesson's Director Regulatory Affairs, Tom McDonald continues to work closely with Joe Bogacz and has shared the July analysis of the new stores impacted by omits, for his review.

Regards, Ned
Ned McKenna
VP, Strategic Solutions

McKesson Corporation

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